Untapped Potential

The Benefits of Offshore Oil and Natural Gas Development in the Eastern Gulf of Mexico

Oil and natural gas development in the Eastern Gulf of Mexico could create good jobs and grow the U.S. economy, strengthen our energy production and revenue for federal and state government.

Oil and natural gas development in the Eastern Gulf of Mexico could by 2035:

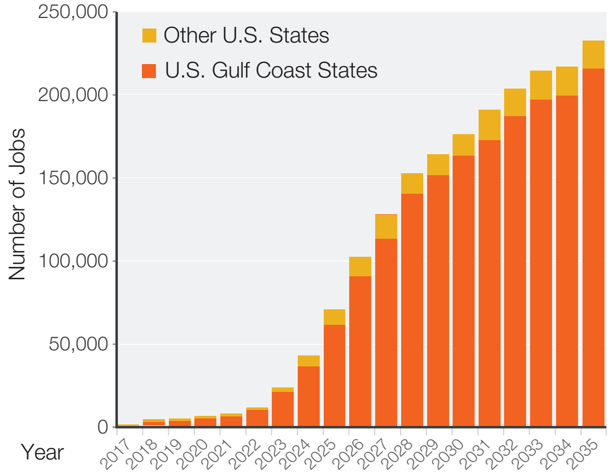
- Create nearly **230,000 new jobs** along the Gulf Coast and across the country.
- Add about **1.0 million barrels of oil** equivalent per day to domestic energy production.
- Generate more than **$69 billion in cumulative revenue** for the government.
- Lead to **$114.5 billion in new private sector** spending.
- Contribute **$18 billion per year** to the U.S. economy.

A Congressional moratorium currently keeps the Eastern Gulf off-limits but if Eastern Gulf leasing begins in early 2018, exploratory drilling would be expected to begin in 2019, and projects could begin producing oil and natural gas by 2023 – due to the ability to ramp up operations quickly by drilling into previously discovered oil and gas deposits and making use of existing infrastructure.

Currently, 87 percent of federal waters are off-limits to oil and gas exploration and production, including around 98 percent of the Eastern Gulf of Mexico. While the Eastern Gulf drilling moratorium doesn't end until 2022, **the opportunities as outlined in this study demonstrate the great potential this area has for job creation, energy production and revenue for the federal and state governments**.

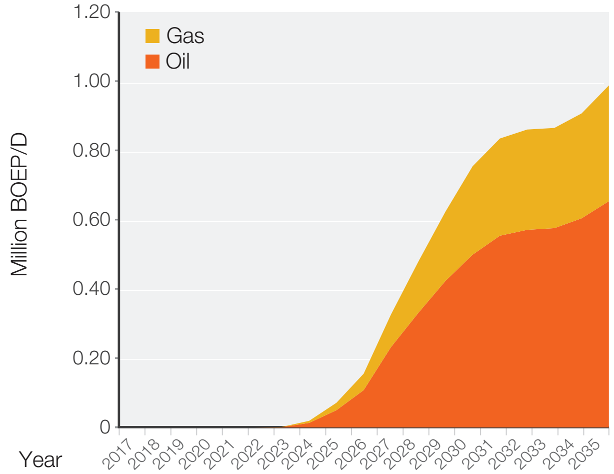
Job Creation

Spending on goods and services to develop oil and natural gas in the Eastern Gulf is expected to provide large employment gains along the Gulf coast and around the country. Total U.S. employment from additional Eastern Gulf of Mexico exploration and development is expected to reach nearly 230,000 jobs by 2035, of which nearly 215,000 would be in the Gulf coast region. The largest employment impact would occur in Texas, Louisiana and Florida.



Energy Production

Eastern Gulf development would significantly increase domestic energy production. From 60,000 barrels of oil equivalent per day (BOEPD) in 2026, production is expected to increase to nearly one million BOEPD by 2035. Production is expected to be approximately 66 percent oil and 34 percent natural gas.



Source: *The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Eastern Gulf of Mexico.*

Domestic Investment

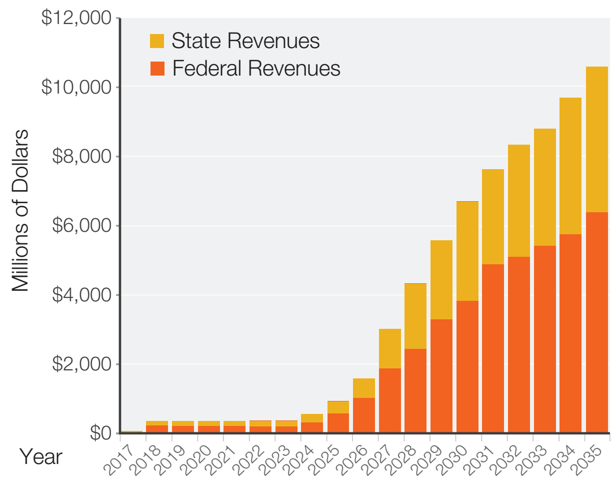
Spending by companies involved in finding, developing, and producing oil and natural gas in the Eastern Gulf of Mexico is expected to rise from an average of $270 million per year during the first five years of initial leasing, seismic surveys, and exploratory drilling to a relatively constant rate of about $14 billion per year by 2030. While much of the development would initially be supplied through ports in Louisiana and Texas, equipment suppliers are expected to take advantage of the high-tech manufacturing capabilities and extensive port infrastructure in Florida, Alabama, and Mississippi as the region develops.

Contribution to the Economy

Through job creation, revenue generation and private investment, offshore oil and natural gas development in the Eastern Gulf is expected to make significant contributions to the U.S. and regional economies. Total contributions to state GDP are projected at over $18 billion per year in 2035, with around 93 percent expected to occur in Gulf Coast states and seven percent in the rest of the U.S.

Government Revenue

Eastern Gulf oil and natural gas development could significantly increase government revenue from royalties, bonus bids, and rents on leases – reaching a cumulative $69.7 billion from 2017 to 2035. Assuming revenue sharing legislation similar to the arrangement in the Western and Central Gulf of Mexico is enacted, coastal states could receive 37.5 percent of the revenue generated which is equal to $26.1 billion.



Impact by State

The table below shows the breakdown of expected increases in spending, employment, GDP, and government revenue by state.

State	2017–2035 Cumulative Spending ($ Millions)	2035 Employment	2035 Contributions to Economy (GDP) ($ Millions/year)	2017–2035 Cumulative State[1] Government Revenue ($ Millions)
Florida	$22,956	86,825	$6,458	$18,650
Texas	$46,308	62,591	$5,300	N/A
Louisiana	$18,962	30,986	$2,534	$2,297
Mississippi	$6,017	11,750	$894	$1,609
Alabama	$9,452	21,266	$1,723	$3,583
Other U.S. States	$10,834	14,655	$1,201	N/A
Total	**$114,529**	**228,074**	**$18,109**	**$26,139**

[1] For comparison of potential revenue among states only. Assumes 37.5 percent of bonuses, rents, and royalties go to the Eastern Gulf states. Actual revenue would depend on the enactment and details of a revenue sharing agreement.

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Source: The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Eastern Gulf of Mexico, Quest Offshore Resources, Inc., November 2014.